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*Counsel for the Official Committee of Equity Security Holders of
USA Capital First Trust Deed Fund, LLC*

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA**

In re:) BK-S-06-10725-LBR
USA COMMERCIAL MORTGAGE COMPANY) Chapter 11
Debtor)

In re:) BK-S-06-10726-LBR
USA CAPITAL REALTY ADVISORS, LLC,) Chapter 11
Debtor)

In re:) BK-S-06-10727-LBR
USA CAPITAL DIVERSIFIED TRUST DEED FUND, LLC,) Chapter 11
Debtor)

In re:) BK-S-06-10728-LBR
USA CAPITAL FIRST TRUST DEED FUND, LLC,) Chapter 11
Debtor.)

In re:) BK-S-06-10729-LBR
USA SECURITIES, LLC,) Chapter 11
Debtor.)

Affects)
☐ All Debtors)
☐ USA Commercial Mortgage Co.) Date: March 15, 2007
☐ USA Securities, LLC) Time: 9:30 a.m.
☐ USA Capital Realty Advisors, LLC)
☐ USA Capital Diversified Trust Deed)
☒ USA Capital First Trust Deed Fund, LLC)

**DECLARATION OF MATT KVARDA IN SUPPORT OF EIGHTH OMNIBUS OBJECTION
OF THE OFFICIAL COMMITTEE OF EQUITY SECURITY HOLDERS OF USA CAPITAL
FIRST TRUST DEED FUND, LLC -- PROOFS OF CLAIM AND PROOFS OF INTEREST
FILED BY MEMBERS OF USA CAPITAL FIRST TRUST DEED FUND, LLC WHO FILED
BOTH PROOFS OF CLAIM AND PROOFS OF INTEREST (AFFECTS DEBTOR USA
CAPITAL FIRST TRUST DEED FUND, LLC)**

1 I, Matt Kvarda, hereby declare and state as follows:

2 1. On April 13, 2006 (the "Petition Date"), the following related entities filed for
3 relief under Chapter 11 of the Bankruptcy Code: (1) USA Commercial Mortgage Company
4 ("USACM"); (2) USA Capital First Trust Deed Fund, LLC ("FTDF"); (3) USA Capital
5 Diversified Trust Deed Fund, LLC ("DTDF"); (4) USA Securities, LLC; and (5) USA Capital
6 Realty Advisors, LLC (collectively, the "Debtors").
7

8 2. On May 10, 2006, the United States Trustee appointed the following official
9 committees to represent the interests of their respective constituents in these bankruptcy cases:
10 (1) the Official Committee of Holders of Executory Contract Rights Through USA
11 Commercial Mortgage Company (the "Direct Lenders Committee"); (2) the Official
12 Committee of Unsecured Creditors of USA Commercial Mortgage Company (the "UCC"); (3)
13 the Official Committee of Equity Security Holders of USA Capital First Trust Deed Fund,
14 LLC (the "FTDF Committee"); and (4) the Official Committee of Equity Security Holders of
15 USA Capital Diversified Trust Deed Fund, LLC (the "Diversified Committee").
16
17

18 3. I am a Managing Director of Alvarez & Marsal, LLC, the Court-approved
19 financial advisor to the FTDF Committee since June 1, 2006.

20 4. On October 16, 2006, the Court ordered FTDF to provide the FTDF
21 Committee Professionals with the Debtor's records of the composition of the FTDF members
22 and their respective investments in FTDF, which list (the "FTDF Member List") was provided
23 to the FTDF Committee Professionals shortly thereafter.
24

25 5. I have reviewed the facts stated in Eighth Omnibus Objection Of The Official
26 Committee Of Equity Security Holders Of USA Capital First Trust Deed Fund, LLC To
27 Proofs Of Claim And Proofs Of Interest Filed By Members Of USA Capital First Trust Deed
28

1 Fund, LLC Who Filed Both Proofs Of Claim And Proofs Of Interest" (the "Objection"), as
2 well as the claims and interests listed on Exhibit 1 thereto.

3 6. Based upon my review of the FTDF Member List, the list of claimants
4 provided in Exhibit 1 to the Objection as well as the stated amount of their respective equity
5 interests in FTDF as of the Petition Date is an accurate representation of those claimants'
6 equity interests in FTDF as of the Petition Date pursuant to the Debtors' records.

7 7. I have reviewed the FTDF Operating Agreement, a true and correct copy of
8 which is attached hereto as **Exhibit "A"**, which provides in Section 1.32 as follows:

9
10 "Distributable Amounts from Operations" shall mean (a) an
11 amount of cash equal to the accrued income from operations
12 and investment of Company Property, excluding Distributable
13 Amounts from Sales or Refinancings, during any calendar
14 quarter, year, or other period; plus (b) any and all funds released
15 by the Manager from Reserves; less (c) the accrued operating
16 expenses, depreciation, and amortization of the Company during
17 such period (including, without limitation, fees due the Manager
18 and/or the Manager's Affiliates, any adjustments for bad debt
19 reserves or deductions or other Reserves that the Manager, at its
20 sole discretion, may deem appropriate); provided, however, that
21 Distributable Amounts From Operations shall not exceed the
22 amount of cash on hand.

23 8. Based upon my review of FTDF's financial records, there are no Distributable
24 Amounts from Operations to which FTDF Members might otherwise have been entitled.

25 9. I declare, under penalty of perjury, that the foregoing statements are true and
26 correct to the best of my knowledge and belief.

27 DATED this 17th day of February, 2007.

28 
MATT KVARDA